

## **Bullet Background Paper on: Exempting Athletes engaged in Contact Sports from the Workers Compensation Act**

The Billings Outlaws organization is requesting our players be exempted from traditional worker's compensation insurance in favor of providing health insurance and disability insurance.

Football is a collision sport and the reality is players will suffer injuries. Most injuries are minor, but some can be more serious and involve surgery. The Outlaws organization was notified for the 2007 playing season we would have a Worker's Compensation Insurance rate of \$2.82 amounting to \$182,584 of premium in a payroll of \$61,509.

In short, Our organization cannot survive with this level of expense and the future of professional contact sports in Montana will be cast into doubt. .

### **Background**

- The Billings Outlaws are a professional indoor football team who play at Metrapark Arena, in Billings
- The Outlaws were formed in 2001 in the National Indoor Football League (NIFL) under different ownership
- In 2005 the team played under new ownership as the Billings Mavericks due to a trademark dispute.
- In 2006 the organization reformed under new ownership and reacquired the Federally Registered Trademark Billings Outlaws.
  - The Outlaws were 16-1 in 2006 and won the League Championship, Indoor Bowl VI, in front of a sell-out crowd of 8500 fans at Metrapark arena.
- For 2007 the Outlaws moved to the United Indoor Football Association (UIF)
- UIF is an owner owned league with stable, professional organizations.
- Indoor Football can be played in most arenas that can accommodate Hockey
- Indoor/Arena Football is second only to NASCAR as the fastest growing spectator sport in America
- Television ratings indicate, more people watch Arena/Indoor Football than NHL Hockey

### **Purpose for Request of Exemption**

- Indoor Football does not fit WC model: Very low wages relatively high risk
- Outlaws are only member of class; no spreading of risk or claim history over a group
- Team carries 25 players on roster, 21 dress for games, paid \$200 game if they dress
- Players are essentially part-time and most have other jobs
- Due to claims history and Outlaws being only member of class, WC premium for 2007, on \$61,000 of payroll, is projected at \$140,000 - \$180,000
  - Winning another championship (3 games) would add over \$42,000 in premium
- 2005 (WC) claims abnormally high resulting in high mod rate
- 2006, new ownership increased emphasis on safety and claims management.
  - New, highest quality indoor turf available
  - Player screening
  - Improved equipment and mandatory procedures
- 2006 Claims expense projected to drop 40% from 2005 total
- Payroll, Payroll taxes, WC equal sixty percent of gross revenue potential
- Billings Outlaws WC premium is 550% higher than UIF league average
- Outlaws unlikely to survive beyond the 2007 playing season
- No other professional contact sports will be attracted to Montana

### **Economic Impact**

- Estimate for direct impact on the Billings area is \$3.5 million annually.
- Metrapark Arena receives over \$250,000 per year from Outlaw games and activities.
  - Attendance averages 4000 per game. 5500 for playoffs
- Outlaws annual operation budget for payroll, goods and services exceeds \$500,000
- Outlaws constructing a \$3.5 million sports training center
  - Commercial access multi-use facility in Billings
  - Unique facility for year round outdoor sport training indoors
  - Football, Soccer, Volleyball, Baseball, Sports Camps
- Potential for expansion teams in cities capable of hosting indoor football.
- Without this legislation, improbable any new expansion teams/leagues will look favorably on Montana as a place to do business.
  - Potential for substantial lost opportunities for Montana's larger markets

### **Action**

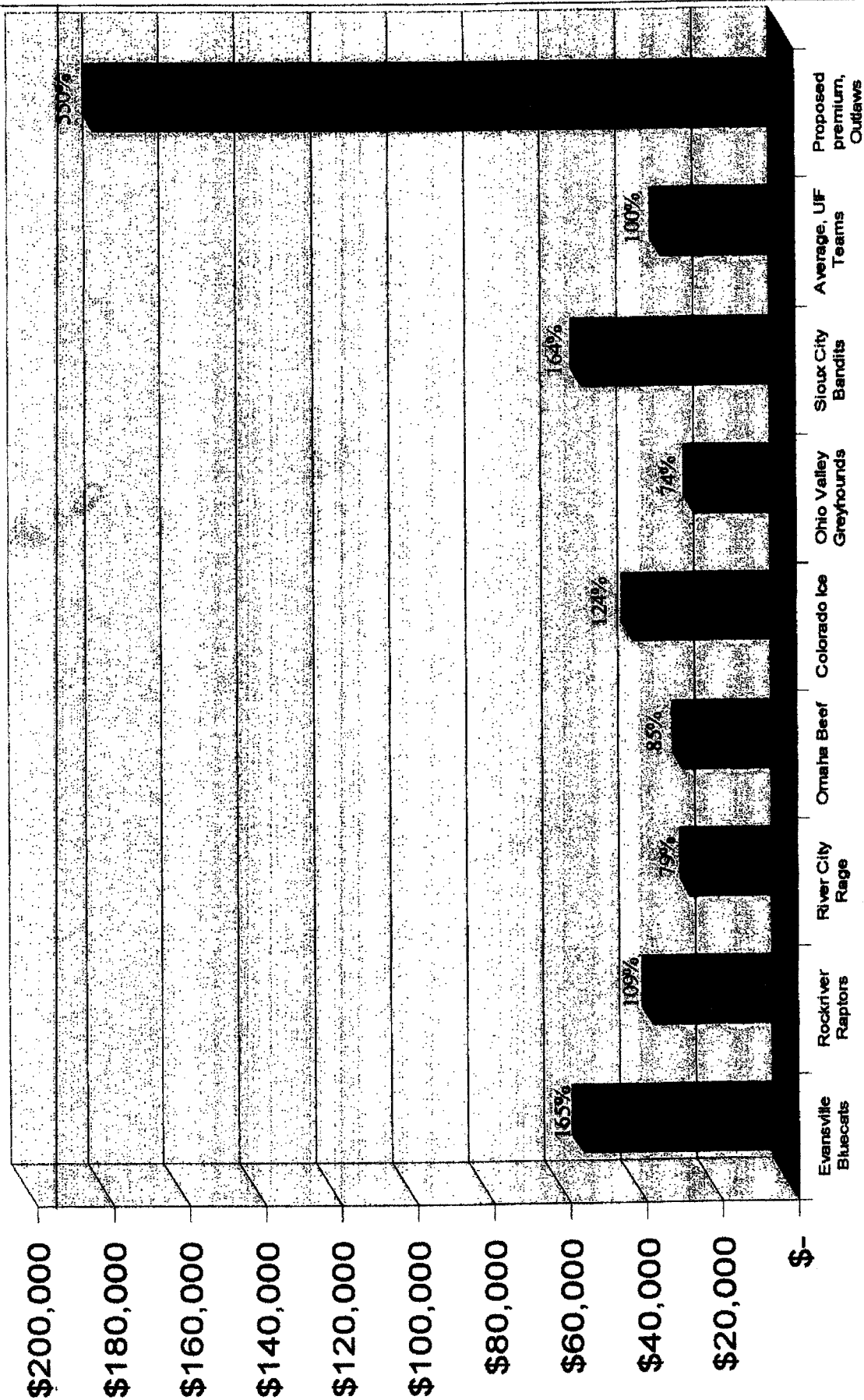
- 2007 Improvements to further increase player safety
  - Active oversight by team medical provider: The Billings Clinic
  - Members of UIF; Better organizations, facilities, and equipment
  - Completion of the new Outlaws Training Facility
    - New Turf, Physical Training room, whirlpool, Chill Tub
    - Newly hired team Trainer with NFL experience
    - Direct access to Billings Clinic Sports medicine and sports rehab
- Outlaws will procure Health Insurance Coverage for players
  - Coverage will include payment of co-pays and deductibles for players

- Additional Coverage will include disability/supplemental insurance
- Initial estimated quotes indicate substantial savings over WC
- Outlaws continue and increase efforts to reduce injuries player downtime

Wallace M. Yovetich  
Assistant Director, Billings Outlaws  
(406) 896-8100, (406) 690-6569,  
Fax (406)896-1113  
[www.Billingsoutlaws.com](http://www.Billingsoutlaws.com)

# Worker Comp Premium Comparison

(Dollar Value and Percent of Average)



**Teams**

February 20, 2007

Mr. Wally Yovetich  
Billings Outlaws Football Team  
111 North 31<sup>st</sup> Street  
Billings, MT 59101

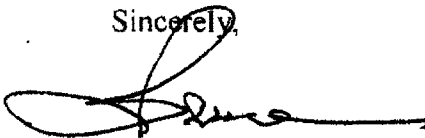
Dear Wally,

The Billings Chamber of Commerce looks at the Billings Outlaws as a great magnet for drawing people to Billings. As a part of the Chamber, our Convention and Visitors Bureau promotes tourism and convention recruitment for Billings and the surrounding area, and sports is definitely a big extra when talking to a potential groups.

We understand that you have an issue with the high cost of Workman's Compensation for your players and your desire to be exempted from the Workman's Compensation requirement, and be allowed to use your health insurance to cover the Workman's Compensation related injuries should any occur. We realize that this type of exemption has been granted to other industries in the sports field, and we support your request to be exempted.

The Billings Outlaws have been an integral part of our sports community for a number of years and we look forward to a long relationship between the Billings community and the Billings Outlaws.

Sincerely,



Bruce MacIntyre  
Director, Government Affairs



815 South 27th Street / P.O. Box 31177 / Billings, MT 59107-1177  
ph 406-245-4111 / f 406-245-7333 / [www.billingschamber.com](http://www.billingschamber.com)

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# *Yellowstone County*

**COMMISSIONERS**  
(406) 256-2701  
(406) 256-2777 (FAX)

P.O. Box 35000  
Billings, MT 59107-5000  
commission@co.yellowstone.mt.us



February 20, 2007

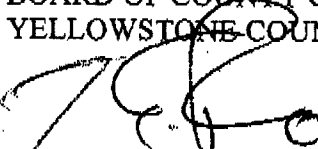
To Whom It May Concern:

The Yellowstone County Commissioners are writing this letter in support of the Billings Outlaws.

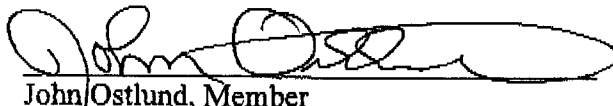
The Billings Outlaws currently are playing in one of our county facilities. We support having the Billings Outlaws play in our community and look forward to many more years of watching indoor football games.

Sincerely,

BOARD OF COUNTY COMMISSIONERS  
YELLOWSTONE COUNTY, MONTANA

  
James E. Reno, Chairman

  
Bill Kennedy, Member

  
John Ostlund, Member

BOCC/ptb

# HEALTH INSURANCE COMPARISON

## MONTANA OUTLAWS

### BEST CASE SCENARIO

#### PROPOSED EFFECTIVE DATE MARCH 15, 2007

#### BY ROCKY MOUNTAIN INSURANCE BROKERS

Company	<u>Proposed Plan 1</u>	<u>Proposed Plan 2</u>	<u>Proposed Plan 3</u>
	BCBS Blue Solutions HDHP 5000	BCBS Blue Solutions HDHP 2500	BCBS Blue Solutions 60/40
Individual deductible	\$5,000.00	\$2,500.00	\$500.00
Family deductible	2 Times	2 Times	2 Times
Deductible Takeover	No	No	No
Dr. visit co-pay	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Lab Work - X Rays	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Chiropractor	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
MHCD	\$400 max benefit/\$100 xray Consult contract for specific benefits	\$400 max benefit/\$100 xray Consult contract for specific benefits	\$400 max benefit/\$100 xray Consult contract for specific benefits
Emergency Room	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Inpatient Hospital	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Outpatient Hospital	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Coinsurance	100%	100%	BCBS pays 60% you pay 40%
Total Out of Pocket			
Individual	\$5,000.00	\$2,500.00	\$2,000.00
Family	2 Times	2 Times	2 Times
Dental or Vision	No	No	No
Prescription Card	Ded and coinsur applies	Ded and coinsur applies	\$100 ded then \$8/\$25/\$50
Life Insurance	No	No	No
Maximum Benefit	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00
Supplemental Accident	No	No	No
Wellness Benefits	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Precertification Necessary	Yes	Yes	Yes
Member doc's / hospital	Broad	Broad	Broad
Dependent Age Limit	To Age 23	To Age 23	To Age 23
If Full Time Student	To Age 23	To Age 23	To Age 23
Rate Guarantee	1 Year	1 Year	1 Year
Monthly Premium	\$4,866.40	\$6,088.65	\$8,535.90
<b>PREMIUM BREAKDOWN</b>			
Employee Only (35)	\$139.04	\$173.39	\$186.74

\*This proposal is not an insurance contract. These proposals are subject to home office approval and do not guarantee coverage, rates, or effective dates.

**Rocky Mountain**  
**Insurance Brokers, Inc.**

February 21, 2007

To Whom It May Concern:

I, Jessi Sawicki have spoken with Blue Cross Blue Shield of Montana regarding health insurance coverage for The Montana Outlaws. They are an eligible group for health coverage. The Montana Outlaws will set a probationary period and a work hour requirement. Every player/employee that meets the requirements will receive the health insurance benefits. Please let me know if I can be of further assistance.

Sincerely,



Jessi Sawicki  
Agent

Rocky Mountain Insurance Brokers

2819 St. Johns Suite B  
Billings, MT 59102

(888) 655-1712

Phone (406) 655-1711  
Fax (406) 655-4565